WEEKLY ECONOMIC REVIEW

NOVEMBER 4, 2005

With the release of strong employment and GDP reports this week, the Canadian economy seems to be on a solid footing.

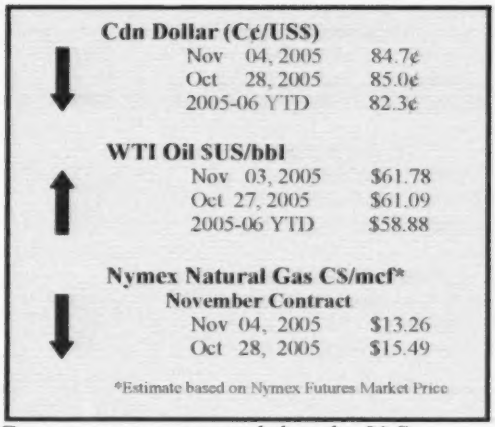
Canadian employment increased by 68,700, the strongest monthly gain in two years. The unemployment rate dipped to 6.6 per cent, the lowest in three decades. Employment in Alberta increased by 11,000 in October, the highest monthly gain since August 2004.

The Canadian economy expanded by 0.5 per cent in August, led by growth in mining and manufacturing. The strong Canadian data suggest that the Bank of Canada will raise interest rates at its meeting in December.

U.S. employment increased by 56,000, less than expected and below the average monthly gains of 196,000 experienced between January and August. The Bureau of Labor Statistics remarked that employment growth was "below trend" in areas not hit by hurricanes.

The U.S. Federal Reserve Board raised interest rates by one-quarter of a percentage point this week, bringing the federal funds rate to 4 per cent, a full three percentage points higher from June 2004.

Federal Reserve Board Chairman Alan Greenspan commented that the U.S. economy is on a strong footing, but gave no indications as to when the current monetary tightening cycle is to end. The Board is concerned with higher energy costs increasing other prices, although economic data so far are not showing higher inflation. Productivity increased by a strong 4.1 per cent in the third quarter and labour costs fell by 0.5 per cent.



Natural gas prices fell during the week as adequate levels of storage, the ongoing restoration in natural gas production in the Gulf of Mexico and moderate temperatures in most of the lower 48 states pulled down prices. Oil prices remained volatile and increased slightly on 3 November.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date[1]
GDP (millions chained $1997)	**August**			
Canada	1,076,344	0.5%	2.7%	N/a
Rigs Drilling	**October**			
Alberta	430	9.6%	16.1%	16.2%
Employment (October)	**Monthly Change**			
Alberta	+11,000	0.6%	1.7%	1.6%
Canada	+68,700	0.4%	1.4%	1.4%
United States	+56,000	0.0%	1.4%	1.7%

Source: Statistics Canada, Canadian Association of Oilwell Drilling Contractors and Bureau of Labor Statistics

[1]Year-to-date 2005 compared to the same time period in 2004. For example: January-September 2005 versus January-September 2004

Alberta Finance